

**United States Department of the Interior
Bureau of Land Management**

**Categorical Exclusion
DOI-BLM-CO-SO50-2012-0035 CX**

August 2012

Suspension of Operations of Oil and Gas Leases

Location: W of McClure Pass, Colorado

**U.S. Department of the Interior
Uncompahgre Field Office
2465 South Townsend Avenue
Montrose, CO 81401
Phone: (970) 240-5300**



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CATEGORICAL EXCLUSION

NUMBER: DOI-BLM-CO-S050-2012-0035 CX

CASEFILE/PROJECT NUMBERS: COC-74403X - COC-63886, COC-63888, COC-63889;
COC-74489X - COC-64169

PROJECT NAME: Suspension for Oil and Gas Leases

PLANNING UNIT: Uncompahgre Basin Resource Area

LEGAL DESCRIPTION: USFS Lands, Grand Mesa, Uncompahgre and Gunnison (GMUG)
National Forest

COC-74403X	Huntsman Unit	T10S,R89W,Sec.29-32 6 th PM
COC-63886		
COC-63888		
COC-63889		
COC-74489X	Deadman Gulch Unit	T12S,R89W,Sec.30-31 6 th PM
COC-64169		

APPLICANTS: SG Interests VII, LTD and Falcon Seaboard Oil and Gas LLC

DESCRIPTION OF PROPOSED ACTION: The operator of these leases is SG Interests VII, LTD, who shares lease rights with Falcon Seaboard Oil and Gas LLC. As SG is the operator, they are requesting on behalf of both an extension of suspension of operations and production on the above referenced leases effective as of March 1, 2012. The request to extend the suspension on the above mentioned leases was timely filed and received by BLM on January 24, 2012.

A. COC-74403X – COC 63886, 63888 & 63889:

The following information is applicable to this suspension request:

1. These leases are also located in and committed to the approved Huntsman Unit case serial number COC-74403X.
2. SG Interests has submitted an application for permit to drill (APD) the 10-89-31 #1 well inside the COC-63886 leasehold of which the surface use will be permitted by the USFS

Paonia Ranger District. This APD was submitted on February 17, 2010, prior to the expiration of the lease.

3. All three leases are located entirely on lands managed by the USFS Paonia Ranger District and are located within the Huntsman Ridge Colorado Roadless Area (CRA). Portions of the CRA were previously known as the Drift Creek Inventoried Roadless Area, identified in the 2001 Roadless Area Conservation Rule and GMUG Forest Plan.

B. COC 74489X – COC 64169:

The following information is applicable to this suspension request:

1. The lease is also located within the approved Gunnison Energy Corporation Deadman Gulch Unit case serial number COC-74489X.
2. SG Interests has submitted an application for permit to drill (APD) the 12-89-30 #1 well inside the COC-64169 leasehold of which the surface use will be permitted by the USFS Paonia Range District. This APD was submitted on February 17, 2010, prior to the expiration of the lease terms.
3. The lease is located entirely on USFS lands managed by the Paonia Ranger District located and is located within the Pilot Knob Colorado Roadless Area (CRA). Portions of the CRA were previously known as the Springhouse Park Inventoried Roadless Area, identified in the 2001 Roadless Area Conservation Rule and GMUG Forest Plan.

C. Information common to both requests for suspension:

1. The Forest Service promulgated the Colorado Roadless Rule on July 3, 2012. This new rule superseded the previous Roadless Area Conservation Rule (2001 RACR) for the State of Colorado. In light of the recent changes, and to provide some consistency for projects proposed in roadless areas, the Forest Service is still following a Regional review process. This review by the Regional Office has added time to the processing of projects in roadless areas. Given the situation, there is an indeterminate time period for the Forest Service to be able to proceed further on this project.
2. The following terms were applied to the leases at the time they were let:
 - a. Lease Notice "Interim Roads Policy",
 - i. Lands contained within this lease are subject to the Forest Service Interim Rule, "Administration of the Forest Service Development Transportation System: Temporary Suspension of Road Construction and Reconstruction in Unroaded Areas"; Federal Register/Vol. 64, No. 29/ Friday, February 12, 1999, pages 7290 through 7305.
 - ii. These lands will also be subject to the final road management policy which will be set within 18 months. No road construction will be allowed within the unroaded area until the Forest Service adopts its revised road

management policy or 18 months from the effective date of this final interim rule, whichever is sooner.

3. The BLM Manual provides that "the authorized officer may grant a suspension of operations and/or production for any or all leases effectively or fully committed to the unit agreement due to existing circumstances that prohibit the unit operator from drilling and/or producing on unitized land." BLM Manual H-3180-I.II.J.2.

PLAN CONFORMANCE REVIEW: The Proposed Action is subject to and has been reviewed for conformance with (43 CFR 1610.5, BLM 1617.3) and the following plans:

Name of Plan: Uncompahgre Basin RMP

Date Approved: July 1989

Decision Number/Page: 9

Decision Language: Federal oil, gas and geothermal estate on both federal surface and split estate lands will be open to leasing with standard lease terms.

And,

Name of Plan: Grand Mesa, Uncompahgre and Gunnison National Forests: Oil and Gas Leasing Final Environmental Impact Statement Record of Decision (ROD)

Date Approved: April 1993

Decision Number/Page: ROD -1, ROD-11, ROD-12

Decision Language: (Page ROD-1) The purpose of this Record of Decision (ROD) is to document Forest Service decisions regarding: 1) which lands will be administratively available for oil and gas leasing in accordance with 36 CFR 228.102(d) and 2) which specific lands are authorized for the BLM to advertise for lease in accordance with 36 CFR 228.102(e). These decisions include the lease terms and stipulations determined necessary to protect the surface resources based on disclosure of environmental effects in the Oil and Gas Leasing Final EIS and standards and guidelines contained in the National Forest Land and Resource Management Plan (Forest Plan). This ROD also documents the decision to amend the Forest Plan to include the lands determined to be administratively available for oil and gas leasing.

Drift Creek - Standard Lease Terms (Page ROD-11)

This area contains no special resource concerns. The area contains timber in the Forest's suited timber base and has timber sales scheduled for this decade in the Forest Plan. It is currently roaded and leased. The area is open to off-road and off-trail travel by motorized vehicles.

Springhouse Park – Standard Lease Terms (Page ROD-12)

This area contains no identified special features. This area has timber sales scheduled within it, including the Floating Lake Timber Sale. The Floating Lake Timber Sale will potentially result in an extensive road system. The area is also broken by established motorized use.

CATEGORICAL EXCLUSION REVIEW: The proposed action is designated as a categorical exclusion pursuant to 516 DM 11.9 and is listed in H-1790-1, Appendix 4, BLM Categorical Exclusion B.4., "Approval of suspension of operations, force majeure suspensions, and

suspensions of operations and production.” None of the following exceptions in 516 DM 2, Appendix 2, apply:

Exceptions	YES	NO
1. Have significant adverse effects on public health and safety.	___	<u>X</u>
2. Have adverse effects on such natural resources and unique geographic characteristics as historic or cultural resources; park, recreation, or refuge lands; wilderness areas; wild or scenic rivers; national natural landmarks; sole or principal drinking water aquifers; prime farmlands; wetlands, floodplains; national monuments; migratory birds; and other ecologically significant or critical areas.	___	<u>X</u>
3. Have highly controversial environmental effects or involve unresolved conflicts concerning alternative uses of available resources.	___	<u>X</u>
4. Have highly uncertain and potentially significant environmental effects or involve unique or unknown environmental risks.	___	<u>X</u>
5. Establish a precedent for future action or represent a decision in principle about future actions with potentially significant environmental effects.	___	<u>X</u>
6. Be directly related to other actions with individually insignificant but cumulatively significant environmental effects.	___	<u>X</u>
7. Have significant impacts on properties listed, or eligible for listing, in the National Register of Historic Places.	___	<u>X</u>
8. Have significant impacts on species listed, or proposed to be listed, on the List of Endangered or Threatened Species, or have adverse effects on designated Critical Habitat for these species.	___	<u>X</u>
9. Violate a Federal law, or a State, local or tribal law or requirement imposed for the protection of the environment.	___	<u>X</u>
10. Have disproportionately high and adverse effect on low income or minority populations.	___	<u>X</u>
11. Limit access to and ceremonial use of Indian sacred sites by Indian religious practitioners or adversely affect the physical integrity of such sacred sites.	___	<u>X</u>
12. Significantly, contribute to the introduction, continued existence, or spread of noxious weeds or non-native invasive species known to occur in the area or actions that may promote the introduction, growth, or expansion of the range of such species.	___	<u>X</u>

INTERDISCIPLINARY REVIEW:

<u>Name</u>	<u>Title</u>	<u>Area of Responsibility</u>
Thane Stranathan	Natural Resource Specialist	Lands & Minerals
Teresa Pfifer	Staff Supervisor	Lands & Minerals
Bob Hartman	Petroleum Engineer	Fluid Minerals GJFO
Ryan Taylor	Geologist	USFS Minerals Paonia Ranger Dist.

REMARKS: Cultural, threatened and endangered species, wildlife timing and other stipulations applied to federal parcels when leased still apply.

NAME OF PREPARERS: Thane Stranathan

NAME OF ENVIRONMENTAL COORDINATOR: Bruce Krickbaum


DATE: 8-17-2012

DECISION AND RATIONALE: I have evaluated the requests to suspend lease operations relative to the 12 criteria listed above, the proper case/lease files, and the concurrence by USFS Paonia Ranger District which states there is an indeterminate time period for them to be able to proceed further, and determined the suspension of the leases does not represent an exception and is, therefore, categorically excluded from further environmental analysis.

This suspension for the leases will expire when one of the following conditions are **first** met:

1. The first day of the month we approve drilling operations on the leases.
2. The first day of the month that we return the APD to SG Interests as unapproved.
3. The first day of the month that drilling operations are commenced on or for the benefit of the leases, i.e., drilling operations begin on committed lands in a unit or other agreement where the subject lease is also committed.
4. September 30, 2013

SIGNATURE OF AUTHORIZED OFFICIAL:


 Barbara Sharrow
 Uncompahgre Field Office, Field Manager

DATE SIGNED: 8-20-12

SG Interests COC-64169 Lease SOP Request

